

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 PA-01 PRS-01 /082 W
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R 231653Z DEC 75

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 4069

INFO USMISSION OECD PARIS

LIMITED OFFICIAL USE MADRID 8993

E.O. 11652: N/A

TAGS: EFIN, EGEN, SP

SUBJ: KEY SPANISH ECONOMIC STATISTICS

REF: MADRID 8265 AND PREVIOUS

1. BEGIN LIMITED OFFICIAL USE: OF LATEST KEY ECONOMIC FIGURES, MOST INTERESTING IS COST OF LIVING WHICH SLOWED CONSIDERABLY IN OCTOBER AND NOVEMBER. TREND THROUGH OCTOBER (SHOWN BELOW) SHOWS 16 PERCENT INCREASE OVER OCTOBER 1974. GOS DATA SHOW INDEX ACTUALLY DECLINED 0.1 PERCENT IN OCTOBER. PROVISIONAL FIGURES SHOW INCREASE IN NOVEMBER OF .76 PERCENT COMPARED WITH NOVEMBER 1974 INCREASE OF 2.76 PERCENT. PROVISIONAL NOVEMBER TO NOVEMBER INCREASE IS "ONLY" 13.8 PERCENT, STILL HIGH BUT WELL BELOW MOST PROJECTIONS FOR 1975 OF 16 TO 17 PERCENT. RECENT PRICE INCREASES FOR FUELS AND ELECTRICITY MAY PUSH INDEX UP IN DECEMBER, BUT SLOWDOWN IN OVERALL ECONOMIC ACTIVITY MAY AT LAST BE AFFECTING PRICES.

2. THE REDUCED RATE OF INFLATION MAY AT FIRST HAVE
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LITTLE POSITIVE IMPACT ON THE WAGE PICTURE. SINCE APRIL

THE GOS HAS HAD IN EFFECT A FORM OF WAGE CONTROLS, WHEREBY ALLOWABLE INCREASES ARE LIMITED TO THE ANNUAL INCREASE IN THE COST OF LIVING INDEX PLUS A MAXIMUM OF THREE PERCENT. IN NOVEMBER THESE CONTROLS - OR GUIDELINES - WERE EXTENDED UNTIL DECEMBER 1976. WHILE THEY ARE COMMONLY REFERRED TO AS A "WAGE FREEZE" THEY ARE FAR FROM IT, AND WAGE SETTLEMENTS HAVE OFTEN EXCEEDED THE MAXIMUM PRESCRIBED. IN A DESIRE TO "CATCH UP," LABOR IS RELUCTANT TO HOLD DOWN WAGE DEMANDS TO THE LOWER LEVELS INDICATED BY SLOWED INFLATION, AND THE GOS ACTION EXTENDING CONTROLS THROUGH DECEMBER 1976 IS FAR FROM POPULAR WITH LABOR. IF COST OF LIVING CONTINUES TO LEVEL OUT, EVENTUALLY THERE SHOULD BE A MODERATING EFFECT ON LABOR DEMANDS, BUT THIS SEEMS UNLIKELY FOR SOME TIME, AT LEAST, AND MAJOR WAGE CONTRACTS WILL BE UP FOR NEGOTIATION IN THE VERY NEAR FUTURE. END LIMITED OFFICIAL USE.

BEGIN UNCLASSIFIED:

YEAR	PERCENT		
END OR	I	CHANGE	
ENTIRE	1975	COMPARED	
YEAR		WITH SAME	
	PERIOD		
1974	1974		

COST OF LIVING INDEX (TREND)

(10/75) (1968-100)	176.8	198.6	16.0
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INDUST. PRODUCTION (TREND)

(1962-100) (9/75)	339.6	335.2	-5.1
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IMPORTS (THROUGH 11/75)A)	15,425.2	15,064.2	7.2
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EXPORTS (THROUGH 11/75)A)	7,090.1	6,949.1	9.1
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BALANCE OF TRADE DEFICIT

(11/75)A)	8,335.1	8,115.1	5.7
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FOREIGN EXCHANGE RESERVES

PROV. (11/75)ALB)	6,002.3	5,800.9	-2.7
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NUMBER OF TOURISTS

(JAN-OCT 1975)	30,342.9	27,633.1	-0.3
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TOURISM REVENUES

(JAN-SEPT 1975)	3,187.9	2,746.1	11.3
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NET TRANSFERS

(JAN-AUG 1975)A)	1,134.2	775.8	6.4
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UNEMPLOYMENT (TREND)

(10/75)C)	240.6	350.3	62.6
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MONEY SUPPLY (9/75)D)	1,536.2	1,714.7	"7? 18.0
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A) - IN MILLIONS OF DOLLARS.

B) - IN NOVEMBER RESERVES DECLINED \$257.9 MILLION;
IN NOVEMBER 1974 THEY DECLINED \$193.7 MILLION; SINCE
NOVEMBER 1974 RESERVES HAVE DECLINED \$160.3 MILLION.
IN DECEMBER GOS ANNOUNCED IT YAD BORROWED A FURTHER
\$233.6 MILLION FROM IMF OIL FACILITY.

C) - THOUSANDS OF PERSONS; NUMBER UNEMPLOYED AS OF
OCTHBER 1975 OFFICIALLY LISTED AS 342,053; UNOFFICIAL
ESTIMATES RANGE FROM 500,000 TO 600,000.

D) - CASH AND DEMAND DEPOSITS IN BILLIONS OF PESETAS,
SEASONALLY ADJUSTED. END UNCLASSIFIED.
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